

**Personal Lines Insurance License Outline**  
Kentucky Property and Casualty Insurance  
License Exam Manual  
1st Edition 2006  
www.kaplanfinancial.com

**Unit Assignments**

<b>Unit 1</b>	<b>Principles of Insurance (8% of test) - 4 questions</b> <ul style="list-style-type: none"><li>Risk</li><li>Managing Risk</li><li>Law of Large Numbers</li><li>Elements of Insurability<ul style="list-style-type: none"><li>Pure Risk, Speculative Risk</li><li>Insurable Interest</li><li>Other Elements of Insurability</li></ul></li><li>Other Insurance Terms<ul style="list-style-type: none"><li>Peril</li><li>Hazard</li></ul></li></ul>
<b>Unit 2</b>	<b>The Insurance Contract (6% of test) - 3 questions</b> <ul style="list-style-type: none"><li>Elements of a Valid Contract<ul style="list-style-type: none"><li>Offer and Acceptance</li><li>Consideration</li></ul></li><li>Characteristics of an Insurance Contract<ul style="list-style-type: none"><li>Principle of Indemnity</li><li>Personal</li><li>Unilateral</li></ul></li><li>Parts of the Insurance Contract<ul style="list-style-type: none"><li>Policy Organization</li></ul></li></ul>
<b>Unit 3</b>	<b>Insurance Company Organization and Regulation (2% of test) - 1 question</b> <ul style="list-style-type: none"><li>Types of Insurance Organizations<ul style="list-style-type: none"><li>Stock and Mutual Companies</li></ul></li><li>Lines of Insurance<ul style="list-style-type: none"><li>Four Lines of Insurance</li></ul></li><li>Insurance Company Organization<ul style="list-style-type: none"><li>The Agent</li><li>Insurance Marketing Systems</li><li>Other Insurance Functions</li></ul></li><li>Regulation<ul style="list-style-type: none"><li>Regulation and the Company</li><li>Regulation and the Agent</li></ul></li></ul>
<b>Unit 4</b>	<b>The Insurance Transaction (8% of test) - 4 questions</b> <ul style="list-style-type: none"><li>Application</li><li>Binders</li><li>Underwriting the Policy<ul style="list-style-type: none"><li>Fair Credit Reporting Act</li></ul></li><li>Rating the Policy<ul style="list-style-type: none"><li>Judgment and Manual Rating</li></ul></li><li>Certificate of Insurance</li><li>Misrepresentation, Concealment, and Fraud</li><li>Representations and Warranties</li><li>Waiver and Estoppel</li><li>Cancellation and Nonrenewal</li></ul>

**Unit 5**

**Introduction to Property Insurance (6% of test) - 3 questions**

- Declarations
  - Who is Insured
  - What Property is Covered and Where
  - How Much Property is Insured for
- Insuring Agreement
  - Property Covered
  - Perils Insured Against
- Exclusions and Limitations
- Conditions
  - Duties Following Loss
  - Valuation
  - Coinsurance
  - Deductible
  - Salvage and Abandonment
  - Subrogation
  - Appraisal and Arbitration
  - Other insurance
  - Assignment

**Unit 6**

**Introduction to Liability Insurance (6% of test) - 3 questions**

- Negligence
  - Definition
  - Establishing Negligence
- Defenses Against Negligence
  - Contributory and Comparative Negligence
- Absolute Liability
- Vicarious Liability
- Liability Insurance
  - Third Party Losses
  - Insuring Agreement
  - Exclusions
  - Conditions

**Unit 7**

**Dwelling Insurance (8% of test) - 4 questions**

- The Dwelling Policy
  - Perils Insured Against
  - Other Coverages
  - Conditions
  - Basic Policy Coverages
  - Replacement Cost Coverage
  - Other Endorsements

**Unit 8****Homeowners Insurance (18% of test) - 9 questions**

- The Homeowners Policy
  - Eligibility, Insureds
  - Extent and Scope of Homeowners Coverage
    - HO-3 - Special Form
    - HO-4 - Contents Broad Form
    - HO-6 - Unit-Owners Form
- Section I - Property
  - Coverage C - Personal Property
  - Coverage D - Loss of Use
  - Additional Coverages
  - Perils Insured Against
  - Limits of Liability, Deductible
- Section II - Liability
  - Coverage E - Personal Liability
  - Coverage F - Medical Payments to Others
  - Exclusions
  - Additional Coverages
- Homeowners Endorsements
  - Section I Endorsements
  - Limited Fungi, Wet or Dry Rot, or Bacteria Coverage

**Unit 9****Personal Auto Insurance (18% of test) - 9 questions**

- Definitions
- Part A - Liability Coverage
  - Coverage
  - Who is an Insured
  - Supplementary Payments
  - Exclusions
- Part B - Medical Payments Coverage
  - Exclusions
- Part C - Uninsured Motorists Coverage
  - Definition of Uninsured Motor Vehicle
  - Exclusions
  - Other Insurance
- Part D - Coverage for Damage to Your Auto
  - Coverage
  - Transportation Expenses
  - Exclusions
  - Other Provisions
- Parts E and F - Conditions
- Underinsured Motorists Coverage
- Personal Auto Policy Endorsements

**Unit 10****Miscellaneous Personal Insurance (12% of test) - 6 questions**

- Flood Insurance
  - Coverage
- National Flood Insurance Program
- Earthquake Insurance
- Mobile Home Insurance
- Personal Inland Marine Insurance
  - Personal Inland Marine Forms
- Personal Watercraft Insurance
  - Boatowners and Outboard Motor and Boat Policies
  - Personal Yacht Policies
- Personal Umbrella Insurance
  - Coverage for Excluded Losses
- FAIR Plans

**Insurance Code****Kentucky Law (8% of test) – 4 questions**

Scope, General Definitions, and Provisions KRS 304.1

Definition of Property Insurance KRS 304.5-050

Agent Licensing

Definitions KRS 304.9-020 to 051

Licensing Requirements KRS 304.9-080 to 120

Change of Address KRS 304.9-200

License Renewal KRS 304.9-260

Continuing Education KRS 304.9-295

Record Retention KRS 304.9-390

Suspension or Revocation of License KRS 304.9-440

Reporting of Criminal or Administrative Actions KRS 304.9-467

Unfair Claims Settlement Practices KRS 304.9-470

Surplus Lines KRS 304.10

Unfair Practices, Advertising, Illegal Inducements KRS 304.12-010 to 110

Lender Insurance Requirements KRS 304.12-150

Unfair Claims Settlement Practices KRS 304.12-230

Auto Insurance Plan KRS 304.13-151

Insurance Contract KRS 304.14

Personal Auto Policies Declination, Nonrenewal, and Cancellation  
KRS 304.20-040

Declination, Nonrenewal, and Cancellation KRS 304.20-300 to 350

Insurance Guaranty Fund KRS 304.36-030

Motor Vehicle Insurance No-Fault KRS 304.39

Insurance Fraud KRS 304.47-020

Conversion of Premium KRS 304.99-010